# Report on the Eligibility and Benefit Verification Project and Related Initiatives

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# Introduction

In recent years, there has been a concerted attempt to improve the effectiveness and efficiency of the social allowance program in Alberta. There are a number of themes involved in this overall review of the program. Specifically, the Department of Family and Social Services has implemented the following major initiatives to address this goal:

1. An outline of potential future directions for the social allowance program with an emphasis on assisting clients to regain independence.
2. Improvement of the social allowance delivery model to facilitate improved client service (Differential Use of Staff (DUS) project).
3. Streamlining and automation to improve the efficiency of social allowance delivery through the implementation of the Local Income Security Application/Distributed Data Processing (LISA/DDP) project.
4. Development of supports to ensure staff are properly trained in program policy and delivery standards.
5. A comprehensive review to ensure only eligible clients receive benefits is presently underway, thus reducing the caseload receiving assistance (Eligibility and Benefit Verification (EBV) project).

These interdependent initiatives will achieve the overall objective of improving the efficiency and effectiveness of the social allowance program.

The Eligibility and Benefit Verification process is one of the initiatives established to achieve these objectives. This project has, however, received significantly more public attention than the other aspects of this overall integrated approach to program renewal. A separate evaluation document has therefore been prepared for distribution to demonstrate its impact.

The findings of this evaluation clearly demonstrate the need for the initiatives which have been put in place to improve the functioning of the social allowance program. Specifically, the need for improved staff training, reasonable workload standards, improved computer support and policy clarification is clear. The Eligibility and Benefit Verification process corrects benefit errors after the fact, and is a highly cost-effective process. Ideally, however, the prevention of errors would be the preferable alternative. The Eligibility and Benefit Verification process also allows the Department to monitor the impacts of the other initiatives which are underway to improve program delivery.

# Eligibility and Benefit Verification Project

The Eligibility and Benefit Verification Project began on September 1,1987. It operated on a test basis for six months, until March 31,1988. During the test period, one district office in each of the six regions and 10 verification officers were involved. The results were significant enough to result in a province-wide Eligibility and Benefit Verification Project, involving 50 verification officers during the 1988-89 fiscal year.

### Program Objectives

- To make sure that clients receive the benefits to which they are entitled.
- To identify and examine the extent of underpayments, overpayments, administrative errors, client errors, and fraud occurring in the social allowance delivery system.
- To provide a mechanism for field staff to quickly identify potential fraud and error and enable individual case resolution at the District Office level.
- To monitor the effectiveness of the delivery system, the accuracy and consistency of program policy application.
- To determine whether there is a high-risk client category for fraud and error in order that future initiatives can be directed toward specific client groups if necessary.
- To explore the possibility of establishing information-sharing systems with various boards, agencies, and other government departments which also provide financial benefits or record assets and which may have an impact on a client's social allowance eligibility or benefit levels.

### Verification Method

- Reviewing client files for a maximum period of 12 months, using the information obtained from all sources.
- Interviewing clients about their present circumstances.
- Checking additional resources and other information sources.
- Providing a recommendation regarding findings to the caseworker for corrective action; ensuring the client receives the benefits to which they are entitled.

At all times the caseworker remains responsible for case management and final decisions, but must respond to the recommendation and information provided by the verification process. The caseworker takes appropriate action such as adjusting the benefit level, closing the file, referring the case to the fraud investigator or having the assessor calculate a total overpayment or underpayment.

**Verification Process**

All existing clients received a notice with their August 1987 social allowance cheque. It alerted them they could be selected for verification. It stressed the need for cooperation and explained how to prepare for the verification process. Also, all new clients and clients reapplying for assistance currently receive a letter advising them of possible selection for verification.

Information about all client groups, locations, and circumstances is necessary for identifying areas of fraud and error. Random sampling of all active cases is done to make sure that every client group is included in the Eligibility and Benefit Verification process. In that way, all clients have the same possibility of being selected for verification. In some regions, however, a small number of cases are referred for verification by caseworkers when they are unable to satisfy concerns about individual cases.

The 50 verification officers are highly skilled and generally from income support backgrounds. The majority of them have more than two years experience delivering income support programs.

Clients selected for benefit verification must participate and verification occurs with their full knowledge. A verification officer makes initial contact with the client to explain verification, to respond to a client's questions and concerns, and to arrange a mutual time and location for completing the process. Refusal to participate results in the officer recommending the suspension or cancellation of benefits, until the information is provided.

The reported circumstances of selected clients are verified with a number of additional resources, including agencies, boards, and government departments. These include Motor Vehicles, Workers' Compensation Board, Alberta Assured Income Plan, Canada Employment and Immigration Commission, and banking institutions. Clients provide authorization for the release of this information which remains confidential to the Department of Family and Social Services.

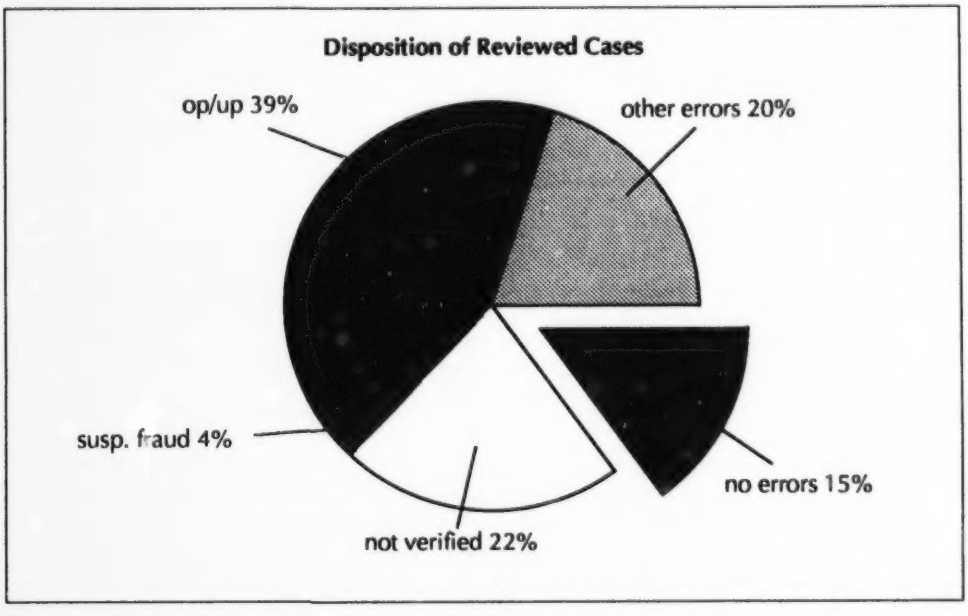
# The 1988-89 Eligibility and Benefit Verification Analysis

During the 1988-89 fiscal year, approximately 15,500 cases were reviewed. Each file contained an array of information reported by the client and recorded by the caseworker. A review of the first 7,495 cases showed that 72 per cent of file information was correct and current. The findings that follow are based on an analysis of those cases.

### Data Highlights

- 20 per cent of the files reflected minor errors not related to eligibility or benefit levels.
- 15 per cent of the files were complete and up to date.
- 22 per cent could not be verified due to nonexistent or incorrect addresses, to clients being unavailable, to clients refusing to cooperate, or to clients indicating their circumstances had changed and that their file should be closed.
- 4 per cent were referred for fraud investigation.
- 39 per cent contained benefit overpayments or underpayments.

Of the 39 per cent, 22 per cent was associated with overpayments, and 17 per cent with underpayments.



**Case Closure**

In 22 per cent of the cases, the verification process directly resulted in case closure. In most of these cases, the client's circumstances were not verified because the client was not at the recorded address, the address did not exist, the client failed to respond, the client refused to participate, or the client requested case closure. Of those closed cases, one-fifth were reopened within six months. Full verification is to be completed on reopened files that were previously closed because they could not be verified.

On average there is an 11 per cent case closure rate in the social allowance caseload each month. The verification process resulted in an additional 11 per cent closure rate. It is estimated that through verification cases are closed three to six months earlier than otherwise would have occurred.

Verification resulted in an average monthly caseload reduction of 300 to 600 cases. Based on an average benefit of $660 per month for the files reviewed and a conservative estimate of early closures, it is expected there will be an overall saving of $2.4 – $4.8 million during the 1988-89 fiscal year.

**Underpayment and Overpayment Corrections**

The verification officer identifies areas where an under-issue or over-issue of benefits occurred during the month reviewed. This information is reported to the caseworker who ensures the file is updated and reviewed to calculate the total net overpayment or underpayment.

In most cases, future payments are adjusted immediately. To date, in about 10 per cent of the cases, corrections have taken place in the form of a lump sum payment to the client in the event of an underpayment or through a recovery process in the event of an overpayment. A client's monthly personal allowance of $21 per adult is usually withheld until the overpayment is repaid.

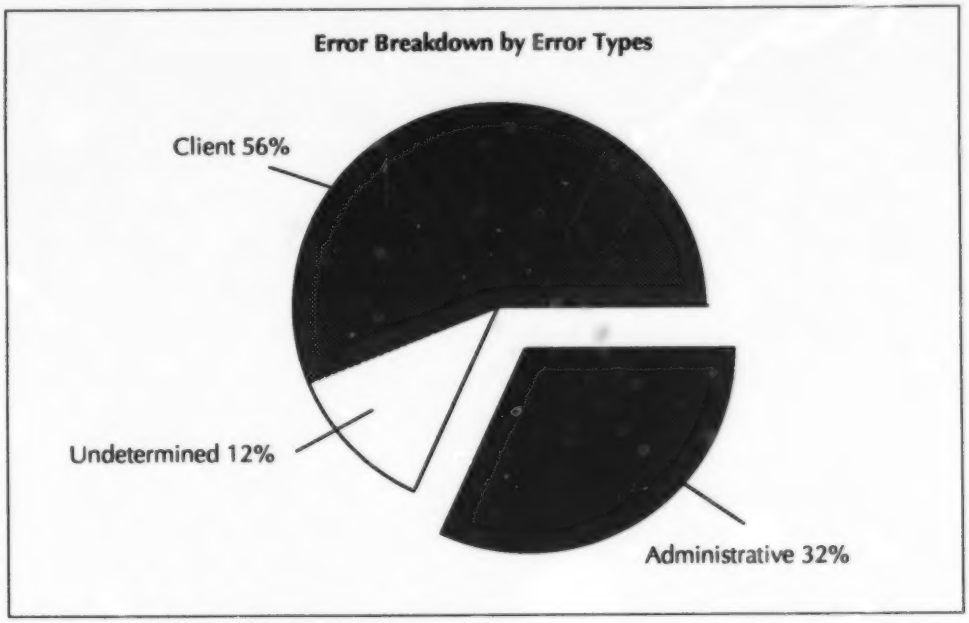
Overpayments and underpayments were identified in 39 per cent of the cases; 22 per cent were overpayments and 17 per cent underpayments. Overpayment amounts exceeded underpayment amounts by about five times. For the month reviewed, overpayments will total approximately $600,000. Suspected fraud is associated with an additional overpayment of about $200,000. Underpayments will result in an additional $120,000 expenditure.

For that one-month period, a correction of overpayments and underpayments should result in an estimated annual net saving for the Department of at least $0.5 million.

Since some overpayments and underpayments can occur for a longer period than the one month identified by the verification officer, the savings would be much greater after the full overpayment is determined by District Office staff.

**Error Rates and Types of Errors**

The most common errors were a result of incomplete information received from clients, accounting for 56 per cent of errors. Administrative errors, 32 per cent, were the result of an inappropriate interpretation of regulations or of clients receiving incomplete information. The causes for the remaining 12 per cent of the errors were undetermined.




**Error Rates by Client Group**

Single parents and employable individuals with families were the groups most likely to have errors in their files. The incidence of error in these two groups was 22 per cent higher than the average for all cases reviewed. These cases are generally complex, involve frequent changes in circumstances and are more likely to require discretionary benefits. The incidence of error for single employable individuals was 8.5 per cent less than the average. Single employables normally receive social allowance benefits for a shorter time period, and these cases generally involve fewer discretionary benefits.

The only client group showing significantly high rates of suspected fraud are employable individuals with families — 7 per cent compared to 4 per cent for all categories.

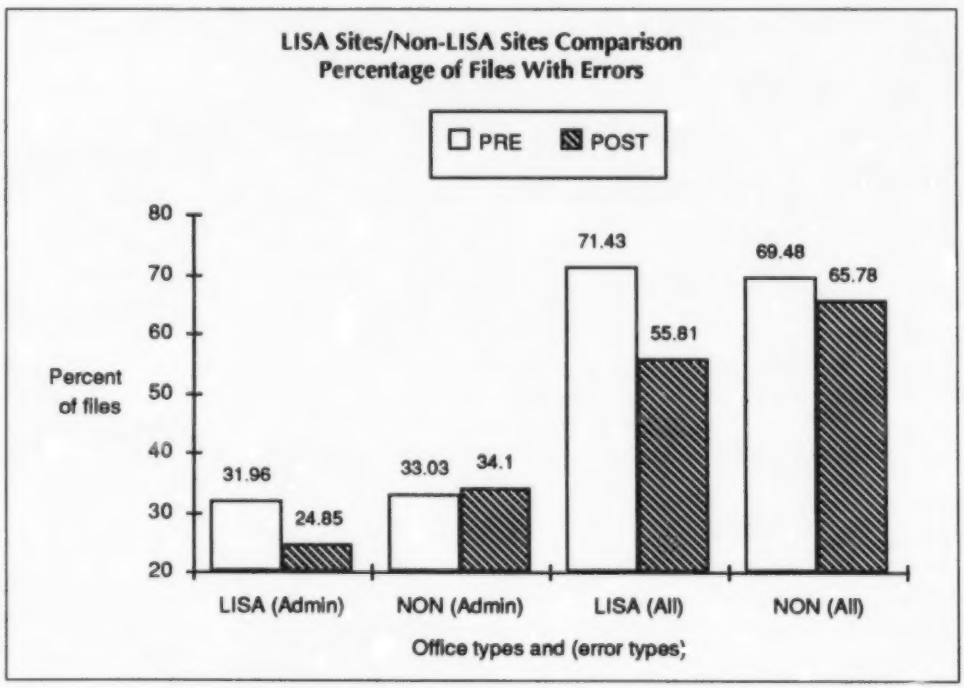
## Associated Initiatives

The Eligibility and Benefit Verification Project is an integral part of the social allowance delivery mechanism and is a part of the series of complementary initiatives being undertaken by Family and Social Services. The following related initiatives are being implemented or extended in this fiscal year.

**Local Income Security Application/Distributed Data Processing (LISA/DDP)**

This project is an enhanced automation program. Pilot programs have been completed and all income security offices will be using the system by November 1991. It will result in province-wide consistency in the delivery of service to clients and in the way data is handled. It will also improve accuracy and reduce administrative errors.

Data from three worksites was analyzed to look at the effect of increased automation. The number of errors decreased substantially after LISA/DDP was implemented. At the same time, other worksites did not have a significant change in their error rates. The decrease was mainly in administrative errors.



### Differential Use of Staff (DUS)

The Differential Use of Staff project is implementing a new provincial delivery model for the social allowance program in Alberta. The delivery model combines changes in the administration and delivery of the program to provide the additional services and supports necessary to help clients regain their independence and to enter or reenter the labor force. The new model involves specialized staff roles within a team approach. The team includes specialists in intake, financial benefits and employment and client support services. For example, specialists will work with clients toward the final goal of self-sufficiency and independence and people knowledgeable about financial benefits will issue clients' monthly benefits. In this way, errors associated with providing financial benefits to clients are expected to be reduced. Workload standards and program standards will be developed for each role. This reassessment of the workload levels and role expectations will determine the appropriate distribution of manpower resources. Along with implementing the new delivery model, there will be an increased emphasis on specialized training for staff in each role. The program will facilitate more efficient use of staff resources and lead to reductions in client caseloads.

### Client Reporting Card

The Client Reporting Card (part of the automated system being implemented) is a monthly reporting tool, similar to the unemployment insurance card. Clients provide information about their present circumstances, such as employment, family size and place of residence. The information is used to determine if clients are eligible for further benefits and to determine the amount of benefit that should be issued. Reporting cards remind clients it is their responsibility to inform their caseworker of changes in their circumstances. Benefits are not issued until the card or relevant information is received. Clients sign the card, declaring that the information is correct.

Client Reporting Cards are a valuable caseload management tool. They alert workers to cases that require action. Prior to the Client Reporting Card, information was updated on an ad hoc basis, relying more on informal communication between the client and caseworker. With the new system, files can be kept up to date and benefits can be issued based on reported current circumstances. Clients with identified needs have those needs met sooner, and the likelihood of overpayments is reduced. Having a signed Client Reporting Card on file provides evidence that may be useful for fraud prosecution.

### The Appointment of a New Manager of Fraud and Error Control

Family and Social Services has established the position of manager, Fraud and Error Control. The manager is expected to take a lead role in the design, implementation and support of initiatives relating to Fraud and Error Control within income security programs. The manager's first priority will be to develop options for dealing with the backlog of fraud investigations, many of which were identified through the Eligibility and Benefit Verification process.

**Address Verification**

One of the most serious findings of the Eligibility and Benefit Verification Project was that clients were not residing at their reported address. To deal with this issue, Family and Social Services is implementing a short-term project to increase verification of client addresses on a random basis. Address Verification could involve visiting the clients' residence, examining their personal identification and contact with the landlord to confirm the information. It is expected that the address check will result in a caseload reduction.

## Summary

Eligibility and Benefit Verification, as an independent post-audit function, has proven an effective means to identify and reduce fraud and error. The project and its associated initiatives were originally undertaken following an internal audit and the Auditor General's reports of the past two years. Both recorded considerable overpayments of social allowance benefits; a significant number of clients were receiving benefits inaccurately or when ineligible for social allowance. The Auditor General's report estimated overpayments were at $35 million for the fiscal year 1987-88.

The initiatives discussed in this report (Eligibility and Benefit Verification Project, Local Income Security Application/Distributed Data Processing (LISA/DDP) project, the Differential Use of Staff (DUS) project, Client Reporting Card, a new Manager of Fraud and Error Control, and the special short-term initiative, Address Verification), have helped to reduce overpayments from $35 million to $14.1 million for the 1988-89 fiscal year.

Combined, these initiatives form an effective and efficient delivery system. As a further benefit to the Department and the public, the eligibility review also generates detailed monitoring data necessary to identify problem areas and to plan, implement and evaluate improvements in policies and procedures. As Eligibility and Benefit Verification and the Client Reporting Card become more familiar to the community they act as deterrents to fraudulent use of the program by prospective and current recipients, resulting in additional savings.

These initiatives, in conjunction with further refinements to the social allowance delivery system and increased staff training, will further reduce the incidence of fraud while also ensuring that clients receive the benefits to which they are entitled.